GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5197
ANSWERED ON:20.04.2001
TRANSFER PRICING NORMS
KAMBALAPADU E. KRISHNAMURTHY

Will the Minister of FINANCE be pleased to state:

(a): whether there are some constraints in India`s Transfer Pricing Norms, which cripple the FDI flows into the country;

(b): whether it will not lead to gradual reduction in country`s revenue;

(c): if so, the details thereof; and

(d): the stand of the Government in this regard ?

Answer

Minister of State in the Ministry of Finance (Balasaheb Vikhe Patil)

(a): The proposed Transfer Pricing Norms are meant to curb tax avoidance and they will have no adverse impact on the FDI flows into the country.

(b)& (c): The proposed norms would curb erosion of tax revenues and provide a statutory framework for computation of income in case of multi-national enterprises. This will lead to increase in tax revenue.

(d): The Government is committed to curb tax avoidance by stopping the abuse of transfer pricing.